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IN THE

Supreme Court of the United States

OCTOBER TERM, 1968

No. 768

CROLL-REYNOLDS CO., INC., ET AL., *Petitioners,*

v.

PERINI-LEAVELL-JONES-VINELL, ET AL., *Respondents.*

WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

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IN THE

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OCTOBER TERM, 1968

No.

CROLL-REYNOLDS CO., INC., a corporation of New Jersey, with the address of 751 Central Avenue, Westfield, New Jersey,

JOHN R. HIGHTOWER, SAMUEL W. CROLL, JAMES T. REYNOLDS, JOHN D. HIGHTOWER, Joint Trustees for JOHN R. HIGHTOWER and CROLL-REYNOLDS CO., INC., *Petitioners,*

v.

PERINI-LEAVELL-JONES-VINELL, Amistad Dam Constructors, U.S./Mexican Border, Texas,

PERINI CORPORATION, C. H. LEAVELL & COMPANY, J. A. JONES CONSTRUCTION COMPANY, 73 Mt. Wayte Avenue, Framingham, Massachusetts,

PERINI CORPORATION, d/b/a PERINI CONSTRUCTION CORPORATION, 255 California Street, San Francisco, California, Registered Agent and Office in Texas, C T Corporation System, Republic National Bank Building, Dallas, Texas,

J. A. JONES CONSTRUCTION CO., P. O. Box 966, Charlotte, North Carolina, Registered Agent and Office in Texas, C T Corporation System, Republic National Bank Building, Dallas, Texas,

VINELL CORPORATION, P. O. Box 31, Alhambra, California, Registered Agent and Office in Texas, C T Corporation System, 608 Fannin, Houston, Texas,

C. H. LEAVELL & COMPANY, 999 North Sepulveda Boulevard, El Segundo, California, Registered Agent and Office in Texas, C. H. LEAVELL, 1900 Wyoming, El Paso, Texas, *Respondents.*

WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

(a) Opinions Delivered in the Courts Below

The decision of the United States District Court for the Western District of Texas is not reported.

The opinion of the United States Circuit Court for the Fifth Circuit is recorded at 399 F.2d 913.

Copies of the opinions are appended hereto.

(b) Statement of Grounds in Which Jurisdiction Is Invoked

The date of the decision of the Fifth Circuit Court of Appeals sought to be reviewed here is September 11, 1968; and a Petition for Rehearing was denied on October 18, 1968.

The judgment of the District Court was filed on September 7, 1966.

The statutory provision believed to confirm this Court's jurisdiction to review the judgment or decree in question by writ of certiorari is 28 USC 1254.

(c) Question Presented for Review

The question presented for review is whether or not the United States District Court for the Western District of Texas has jurisdiction of an action seeking to recover damages for the infringement of process claims of two patents from government contractors who, in the constructions of a dam for the government, are using such patented processes for precooling the solid ingredients of concrete which is to be placed in the construction of the dam; the ingredients being cooled by equipment which is constructed on government property, and on which the government has made so-called mobilization payments; but which equipment is not and is not intended to become property of the government; the apparatus and equipment having been found by the agents of the government to be adequate

and in accordance with the specifications; concrete made with solid ingredients cooled by the equipment having been delivered to and accepted by the government by being placed in the dam; there being however no delivery of the equipment to the government, no evidence that other cooling methods could not have been utilized by the contractor while complying with the specifications; and no specific instructions given by the contracting officer directing the use of the methods in producing concrete for the dam; the contract containing a specific Authorization and Consent clause which excludes from its scope the use of petitioners' methods by respondent.

In other words, the question is whether use of such methods by the contractor constitutes use by a contractor for the government and with the authorization and consent of the government, so as to give jurisdiction to the Court of Claims under 28 USCA, Section 1498.

(d) Statutes Involved

The statutes which the case involves are 35 USC Sections 271(a) and 281, and 28 USCA, Section 1498.

271. Infringement of patent

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention within the United States during the term of the patent therefor, infringes the patent.

281. Remedy for infringement of patent

A patentee shall have remedy by civil action for infringement of his patent.

28 U.S.C. 1498, Patent cases

> (a) Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture.
>
> For the purposes of this section, the use or manufacture of an invention described in and covered by a patent of the United States by a contractor, a subcontractor or any person, firm, or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States.

(e) Statement of the Case

This case was filed in the United States District Court for the Western District of Texas and service was duly made on defendants who were present by their employees at the site of the Amistad Dam near Del Rio, Texas. One of the defenses raised was that the District Court had no jurisdiction by virtue of 28 USC 1498, giving to the Court of Claims of the United States jurisdiction in any case in which an invention is used by a contractor for the United States and with it authorization and consent. A separate trial was had on this issue, and at the end of the trial the judge of the District Court entered an order dismissing the case for lack of jurisdiction. This dismissal was affirmed by the United States Court of Appeals for the Fifth Circuit.

The Court may remember that, when Boulder Dam was built, there were incorporated in it many miles of

pipes through which cold water could be circulated. This was necessary because concrete, as it cures or sets up, gives off substantial quantities of heat which, in such a large structure, would not be able to escape to the outside and would cause distortion and probable cracking of the concrete, possibly causing failure of the dam.

It was later found that, if concrete was placed at a sufficiently low temperature, the heat developed as it set would be harmless, so that the expensive piping would be unnecessary. This is ordinarily done by cooling the ingredients (mainly water, sand, gravel and cement) before the concrete is made up, and then placing it quickly before it can heat up from the surrounding air. The patents in suit relate to methods of lowering the placing temperature of concrete by vacuum cooling of sand, aggregate and cement for this purpose.

Appellants are the owners of two patents relating to methods of reducing the placing temperature of concrete by pre-cooling sand and aggregate to be used in making up the concrete. The only use known to plaintiffs of the methods by defendants is in the construction of a dam on the Rio Grande River at Amistad, Texas, the American side of which is being constructed by defendants under a contract with the government.

Defendants in pursuance of this contract have constructed on government-owned property at the dam site equipment for carrying out the methods and have poured concrete made from sand and aggregate so cooled. The equipment is not and will not be owned by the United States, although the government has made mobilization payments as the equipment is installed as is provided in the contract. The government

agents in charge of construction have examined the equipment and know its mode of operation. However, there has been no specific authorization by the government to defendants to use the method.

The use of the method enables the defendants to meet the government specifications requiring that the concrete be within a specific temperature range when placed. However, there is no evidence that the method is the only known method capable of producing the required reduction in temperature, and there is evidence that other methods of lowering the temperature of sand and aggregate are known (R. 47).

28 USC 1498:

> "(a) Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture.
>
> For the purposes of this section, the use or manufacture of an invention described in and covered by a patent of the United States by a contractor, a subcontractor, or any person, firm, or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States."

(f) Basis for Federal Jurisdiction

The basis for the federal jurisdiction in the United States District Court is that the case arises under the patent laws of the United States, 35 U.S.C. 281.

(g) Argument

It is submitted that the decision of the Court of Appeals in this case is in conflict with the decisions of other courts, including at least one other court of appeals on the same question; and it is further submitted that justice requires that this Court herein decide the question involved which is an important question of federal law which has not been, but should be, decided by this Court.

Actually, petitioners care less *how* this Court decides the present case than that it should grant certiorari and render a decision. Petitioners must have a remedy somewhere, whether in the United States District Court or in the Court of Claims, for the infringement of their patents. In the present case, their counsel felt that jurisdiction lay in the United States District Court and not in the Court of Claims. In fact, they had an informal indication from the Assistant Attorney General in charge of patent matters that any suit in the Court of Claims would be resisted on the ground of lack of jurisdiction in that Court.

Counsel envisioned the possibility that, if this Court refuses to decide on these facts which lower court has jurisdiction, and if petitioners are compelled to institute action in the Court of Claims by reason of the finality of the dismissal of the present action, that Court may likewise dismiss for lack of jurisdiction. If this Court then sustains such dismissal or refuses to review it, petitioners would be left with no cause of action and no way to recover for infringement which has taken place in the construction of the Amistad Dam. It is for this reason that petitioners seek a review of the dismissal by the District Court.

The whole matter of the jurisdiction of the Court of Claims is discussed at considerable length in the opinion of the Comptroller General No. B 159,356, published in 151 USPQ 229-230. This reads in part as follows:

> "We turn now to the question of whether the Congressionally created remedy of infringement suits in the Court of Claims is so exclusive as to preclude any suit in the District Courts for patent infringement by a Government contractor, regardless of whether the invention involved was embodied in the item to be delivered to the Government or was merely used at the option of the contractor as a means to or an aid in the manufacture of the item. While the courts have drawn a distinction between the infringement of patented products or processes used as a means of performing the contractual obligation, we doubt the law has developed in such a way that an express withholding of authorization and consent to use a patented process would itself give the patentee a right to seek relief in a District Court.
>
> We are cognizant that the Wood and Consolidated Vacuum decisions granted relief in a suit by a patentee involving a Government contractor's optional use of patented machinery and testing devices used as a means of performing the Government contract. However, we think we may presume from the facts recited in these two decisions either that such machinery or equipment was sold commercially, or that noninfringing equipment or machinery was sold commercially and was considered economically feasible for use in performing contracts of the type involved. In short, we assume that in the two cited decisions, the Government did not contract for tasks the performance of which could not be economically accomplished without the use of patented and commercially un-

available equpiment. We think that where the Government does so contract, it has effectively required the use of such equipment. Its requirement of use is at least the equivalent of its authorization and consent to use. Having necessarily authorized the contractor to use the patented equipment, it cannot nullify that authorization by professing to withhold it.

* * * *

Whether a district court, under the rationale of the Wood and Consolidated Vacuum decisions, would assume jurisdiction of an infringement suit against a Government subcontractor, would appear to depend on whether the subcontractor's alleged use of a patented process was at his option and for his own convenience; rather than with the authorization and consent of the Government. The resolution of this fundamental issue could well turn upon the silence of specifications as to how to manufacture the item required by the contract, or upon a professed withholding of authorization and consent, but rather upon the question of whether the only economically feasible means of manufacturing such items was by use of the patented process. If the court found that such alleged use was the only feasible means of performing the task required by the contract, it would in our opinion, hold that the Government gave its authorization and consent to such use, and therefore, that it had no jurisdiction to consider the infringement suit, whether the remedy requested was damages or injunction."

From this summary, and from the decisions referred to therein, it appears clear that there has never been heretofore a holding or even the expression of an opinion that the use by a contractor of apparatus or methods in constructing or producing materials for delivery to the government constitutes use *for* the gov-

ernment *and* with its authorization and consent, unless the use of such apparatus or method is *essential* to the carrying out of the contract. But that is not the case here, since it was admitted by respondent's witnesses that other methods were known for cooling the ingredients of concrete, and there was no evidence that such process could not have been used. It is submitted that, in order to justify any finding that other known processes could not have been operative, the burden was on the defendant to prove this fact since upon such fact depended, at least in part, defendant's theory that the United States District Court had no jurisdiction.

It is submitted that the decision of the Court of Appeals of the Fifth Circuit in this case is clearly contrary to the decision in *Wood* v. *Atlantic Gulf and Pacific Co.,* 296 F. Supp. 718, in which Atlantic Gulf had been granted a government contract for dredging service. The contract specifications were silent with respect to which of several dredging machines should be used to perform the service. Atlantic Gulf chose to use machinery patented by Wood. The District Court held that it had jurisdiction of the case, and, upon a motion to reopen the court's decree of injunction, the Court stated:

> "But, conceding the need of the Government that work done for it should be protected * * * and also conceding that * * * '(the amendment of 1918)' was intended * * * to protect one who used a patented article in work done for the Government, still such use should not be extended to a case where it was not with the knowledge and consent of the Government.
>
> * * * *

> * * * I am therefore of the opinion, that, if the facts before the Commissioner show that this defendant had a contract which required certain dredging operations to be done by it for the United States, without further showing that the United States either required the use by the contractor of the Wood runner, or had knowledge that the Wood runner was to be used or was being used by defendant in doing this dredging operation, the act does not affect such use, and the Commissioner will proceed just the same as if the act had never been passed."

In *Drexler* v. *Kosa,* 88 F. Supp. 298, the Court expressly distinguished *Wood* v. *Atlantic, supra,* pointing out that in the Wood case the contractor had the option of using various appliances for carrying out the contract. Specifically the Court said:

> "The plaintiff urges that the defendants fail to establish that the Government authorized or consented to the supplying of the infringing tools to fill its orders. *Wood* v. *Atlantic Gulf & Pacific Co.,* D.C. 296 F. 718, is relied upon by the plaintiff. That case, however, is distinguishable. There the defendant-contractor, in performing a dredging contract for the Government, used an appliance which infringed the patent there in suit. The defendant-contractor had the option of using this or other means for carrying out the contract. The patented appliance was not embodied in any product delivered to the Government, nor was it manufactured for the Government. The court, therefore, held that the defendant-contractor's use of it under the circumstances was not use for the Government. Here the charge of infringement is against the very tools which were delivered to the Government for its use."

While these are district court cases, the decision of the Fourth Circuit in *Bereslavsky* v. *Esso Standard Oil*

Co., 175 F. 2d 148, while not *deciding* the issue presented here, did make a distinction between sale of a patented product to the government and use of equipment and processes in performing a government contract, saying:

> "The patent is not one for a machine which a contractor has used for his own purposes . . . nor is it one for a process which a contractor could use or not as he might see fit."

We submit that the decision of the Court of Appeals in the present case is obviously contrary to what the Court of Appeals of the Fourth Circuit would decide on the same set of facts.

Strangely enough the Court of Appeals in reaching its decision relied on three prior decisions, no one of which is in any way relevant to the present situation. The case of *Stelma Incorporated* v. *Bridge Electronics,* 300 F. 2d 761, was one in which apparatus was actually sold to the government. Clearly this is a case in which the government by its acceptance of delivery automatically authorized and consented to the use of a patented article. In fact, the authorization and consent clause of the contract involved in the present action, quoted below, specifically states that the government gives its authorization and consent to the use of any invention embodied in the structure or component of any article the delivery of which is accepted by the government under the contract. There is no relationship in the Stelma case to a situation in which a method is used in the treatment of material which is eventually embodied in the article to which the government takes title.

Likewise, in *Bereslavsky* v. *Esso Standard Oil Co., supra,* products alleged to infringe the patent were to

be sold to the government. And the Court in that case pointed out "the patent is not one for a machine which a contractor has used for his own purposes . . . nor is it one for a process which a contractor could use or not as he sees fit."

It is submitted that there is no basis whatsoever for citing the Bereslavsky case as authority for the position taken by the Court of Appeals in the present situation, and that in fact the present decision of the Court of Appeals is in direct conflict with the obiter dicta of the court in Bereslavsky.

The third precedent relied on by the Court of Appeals is *Consolidated Vacuum Corporation* v. *Machine Dynamics, Inc.*, 230 F. Supp. 70, in which it was held that the United States District Court *had* jurisdiction. There is nothing in that case even by way of dictum which would justify the holding in the present case that jurisdiction is lacking in the district court.

Particularly significant to the decision of the present issue is the Authorization and Consent claim of the contract here involved:

> "27. AUTHORIZATION AND CONSENT
>
> The Government hereby gives its authorization and consent (without prejudice to its rights of indemnification, if such rights are provided for in this contract) for all use and manufacture, in the performance of this contract or any part hereof or any amendment hereto or any subcontract hereunder (including any lower-tier subcontract), of any invention described in and covered by a patent of the United States (i) embodied in the structure of composition of any article the delivery of which is accepted by the Government under this contract, or (ii) utilized in the machinery, tools, or methods the use of which necessarily results from compliance by the Contractor or the using subcon-

> tractor with (a) specifications or written provisions now or hereafter forming a part of this contract, or (b) specific written instructions given by the Contracting Officer directing the manner of performance. The Contractor's entire liability to the Government for infringement of a patent of the United States shall be determined solely by the provisions of the indemnity clause, if any, included in the contract and the Government assumes liability for all other infringements to the extent of the authorization and consent hereinabove granted."

It seems completely contrary to the spirit of the agreement under which the contractor was building this dam for the courts to hold that the Court of Claims would have jurisdiction, or, in other words, that the use by respondent of the processes here in issue was for the government *and* with its authorization and consent, where the specific relation of the circumstances under which the government assumes liability for infringement of a patent *excludes* the present situation.

This is true because it has not been shown that the use by respondent of the patented methods was either (1) embodied in the structure or composition of any article the delivery of which is accepted by the government under the contract, or (2) utilized methods which result from compliance by the contractor with specifications or written provisions forming a part of the contract or (3) based on specific written instructions given by the contractor officer directing the manner of performance.

The District Court and the Court of Appeals were apparently both impressed by two facts which we submit are entirely irrelevant to the issue of jurisdiction. The first of these is that the equipment for carrying out the process involved was constructed on govern-

ment property. It cannot be seen how this fact is in any way relevant to the question of whether the operation of this equipment to carry out the patented process was used for the government or that such use was with the authorization or consent of the government. The government simply provided a convenient place for the contractor to work. It did not care what apparatus was used as long as it accomplished the results required by the specifications so far as cooling was concerned. And obviously it was merely for the sake of the convenience of the contractor that the equipment was constructed on government property, where it would be close enough to the dam site to reduce the expense of transferring the concrete to the actual point of placement in the dam.

Nor did the fact that the contracting officer was familiar with respondent's equipment and its mode of operation, and that he had approved it as appearing adequate for the performance of the contract, mean that the government had authorized or consented to such use. This is especially true in the light of the limitations expressed in the Authorization and Consent clause noted above. We submit that mere approval is not the equivalent of authorization or consent within the meaning of 28 USC 1498.

Furthermore, although the Government's representative knew what was going on in the way of cooling materials for use in making up concrete, he had only the power to review the proposed equipment, and to state that it appeared adequate, not to approve it (R. 54-55). And, in any event, he did not authorize or consent to its use within the meaning of the statute—this being essential to the refusal of a district court to deny plaintiffs the right to recover against the contractor.

While the United States has consented to be sued under certain circumstances, we submit that the facts must clearly show that such circumstances exist before a court can hold that jurisdiction lies in the Court of Claims. Congress did not state that any use of a patented method by a contractor in the preparation of material going into a government structure was within the statute, but only uses *for* the government and with its authorization and consent, and we submit that there are no facts present in this case to raise any presumption that defendants' use of the method was either for the Government or with its authorization or consent. For these reasons, certiorari should be granted and the decisions of the courts below should be reversed.

(h) The judgment sought to be reviewed as well as the opinions of the courts below are attached hereto as an appendix.

Respectfully submitted,

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